

Message Text

PAGE 01 STATE 094700

46

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

PRS-01 PA-02 AGR-10 TAR-01 AID-05 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-02 H-02 SS-15

NSC-05 SAJ-01 /088 R

DRAFTED BY EB/OT/STA:WCLARK, JR.:JH

APPROVED BY EB/OT/STA:WCLARK, JR.

EUR/RPE:JMCCARTHY

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

UNCLAS STATE 094700

E.O. 11652: N/A

TAGS: EAGR, EEC, ETRD

SUBJECT: TREASURY PRESS RELEASE ON EC CHEESE CASE

1. FOLLOWING IS TEXT OF TREASURY PRESS RELEASE MADE 1100

APRIL 24 IN WASHINGTON: BEGIN TEXT.

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PAGE 02 STATE 094700

ACTING SECRETARY OF THE TREASURY GARDNER TODAY ANNOUNCED
THAT A FINAL DETERMINATION HAS BEEN MADE IN THE COUNTER-
VAILING DUTY INVESTIGATION OF DAIRY PRODUCTS EXPORTED FROM
THE EUROPEAN COMMUNITY. NOTICE OF RECEIPT OF PETITION IN

THIS CASE WAS PUBLISHED IN THE FEDERAL REGISTER ON JANUARY 15, 1975, AND A PRELIMINARY DETERMINATION THAT BOUNTIES OR GRANTS EXIST WAS PUBLISHED ON FEBRUARY 14.

ACTING SECRETARY GARDNER SAID THAT AS A RESULT OF EXTENSIVE DISCUSSIONS BETWEEN REPRESENTATIVES OF THE COMMISSION OF THE EUROPEAN COMMUNITY AND THE U.S. GOVERNMENT THE EC HAS TAKEN A NUMBER OF SIGNIFICANT ACTIONS TO MODIFY THE EC SYSTEM OF RESTITUTION PAYMENTS AS IT APPLIES TO DAIRY EXPORTS TO THE U.S., INCLUDING THE SUSPENSION OF

RESTITUTIONS ON CHEESES FOR FURTHER PROCESSING. THESE

ACTIONS HAVE IN LARGE PART MET THE CONCERNS OF REPRESENTATIVES OF THE DOMESTIC U.S. DAIRY INDUSTRY AND THE U.S. GOVERNMENT THAT THE EC RESTITUTION SYSTEM WAS CREATING A SITUATION OF UNFAIR COMPETITION FOR DOMESTIC PRODUCERS. IT HAS THEREFORE BEEN DETERMINED THAT ALTHOUGH THE EC

RESTITUTION SYSTEM, AS IT APPLIES TO DAIRY PRODUCTS EXPORTED TO THE U.S., DOES CONSTITUTE A BOUNTY OR GRANT WITHIN THE MEANING OF THE U.S. COUNTERVAILING DUTY LAW, THE CRITERIA OF SECTION 331 OF THE TRADE ACT OF 1974, PROVIDING FOR THE WAIVER OF IMPOSITION OF COUNTERVAILING DUTIES IN CERTAIN CIRCUMSTANCES HAVE BEEN MET. THIS DETERMINATION FOLLOWS AFTER CONSULTATION BETWEEN THE TREASURY DEPARTMENT AND REPRESENTATIVES OF THE DOMESTIC PRODUCERS, OTHER CONCERNED AGENCIES OF THE EXECUTIVE BRANCH, AS WELL AS INTERESTED MEMBERS OF CONGRESS. COUNTERVAILING DUTIES WILL NOT BE IMPOSED ON THOSE EC CHEESES STILL BENEFITTING FROM RESTITUTION PAYMENTS DURING THE PERIOD OF APPLICABILITY OF THE WAIVER PROVISION, AND SO LONG AS THE STATUTORY CRITERIA CONTINUE TO BE MET.

SECTION 331 OF THE TRADE ACT PROVIDES THAT THE SECRETARY OF THE TREASURY MAY, FOR FOUR YEARS FOLLOWING ENACTMENT UNCLASSIFIED

PAGE 03 STATE 094700

OF THE ACT, WAIVE COUNTERVAILING DUTIES ON AN IMPORT IF HE DETERMINES THAT ADEQUATE STEPS HAVE BEEN TAKEN TO REDUCE SUBSTANTIALLY OR ELIMINATE THE ADVERSE IMPACT OF ANY BOUNTY OR GRANT; THAT THERE IS A REASONABLE PROSPECT FOR SUCCESSFUL MULTILATERAL TRADE NEGOTIATIONS; AND THAT IMPOSITION OF THE WAIVED DUTIES WOULD BE LIKELY TO SERIOUSLY JEOPARDIZE THOSE NEGOTIATIONS. THE WAIVER MUST BE REVOKED IF THE BASIS SUPPORTING THE DETERMINATION CEASES TO EXIST, AND THE WAIVER IS SUBJECT TO AN OVERRIDE BY EITHER HOUSE OF CONGRESS.

IT SHOULD BE NOTED THAT THE WAIVER APPLIES ONLY TO CERTAIN HIGH QUALITY SPECIALTY AND TABLE CHEESES AND NOT TO THOSE PRODUCTS, MORE GENERALLY USED FOR PROCESSING, WHICH

DIRECTLY COMPETE WITH DOMESTICALLY PRODUCED CHEESE. EC RESTITUTIONS ON THE LATTER HAVE BEEN REMOVED, THEREFORE, NO ADDITIONAL DUTIES WOULD BE APPROPRIATE ON THOSE PRODUCTS SO LONG AS NO RESTITUTION PAYMENTS ARE BEING MADE. ACTING SECRETARY GARDNER POINTED OUT THAT THIS DECISION WILL AFFORD DOMESTIC PRODUCERS PROTECTION FROM SUBSIDIZED COMPETITION WHILE NOT UNNECESSARILY RAISING THE PRICES TO CONSUMERS OF NON-COMPETITIVE CHEESE IMPORTS. END TEXT. KISSINGER

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<< END OF DOCUMENT >>

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Margaret P. Grafeld
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05 JUL 2006

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To: EC BRUSSELS INFO LONDON
PARIS
BONN
ROME
BRUSSELS
THE HAGUE

DUBLIN
LUXEMBOURG
COPENHAGEN

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